Approved For Release 2006/09/15 : CIA-RDP67B00135R000100040071-4

9 December 1963

TO: Chiefs of Stations and Bases

SUBJECT: Early Retirement Legislation

1. The Central Intelligence Agency Retirement and Disability Act, H.R. 8427, is designed to provide an internally administered retirement and disability system for those Agency employees whose careers over the years are predominantly concerned with the conduct and support of intelligence operations in foreign countries. It is intended to designate an employee as a participant in this system at the earliest time after he has gained full career employee status in the Agency that it can be determined that his career field of work is in the conduct and support of intelligence activities abroad. Thereafter, his service record will be reviewed periodically to verify that his career has remained in this field and that he is in fact serving overseas for sufficient periods of time to warrant his continued participation in this system. If on such review it should be determined that an officer's career specialization has permanently shifted to a different field, he will be transferred to the Civil Service Retirement System. However, any participant who has completed 15 years of service with the Agency and whose career at that time is adjudged by the Director to be qualifying for the system, has the option to remain a participant for the duration of his Agency employment. It is anticipated that this Act will cover 25 - 30 per cent of Agency employees; criteria for participation will be spelled out in Agency regulations. Questions of individual eligibility for participation under the Act will be determined by the Director. It is interesting to note in this regard that, in the interest of security, the Act specifically precludes outside review of the Director's decisions.

2. H.R. 8427 was passed by the House of Representatives in October of 1963. It is expected that the Senate will act on this bill early in 1964. Though the bill is subject to change as it makes its way through the remainder of the legislative process, we trust it will be passed by the Senate in essentially its present form.

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3. The bill is almost identical to that which obtains for Foreign Service Officers and is designed to provide more equitable treatment of Agency employees whose duties are such as to be clearly distinguishable from normal government employment. A comparison of pertinent provisions of the Civil Service, Foreign Service, and proposed Central Intelligence Agency retirement and disability systems is set out in Appendix I of the attached report, pages 11 - 16.

4. Among the key features of the bill is that which provides for voluntary retirement at age 50 years with 20 years of service. Basically, the annuity of a retiring participant is 2 per cent of his average basic salary for the highest five consecutive years of service, multiplied by the number of years of creditable service. Thus, one retiring after 20 years of service would receive an annuity of approximately 40 per cent of his average basic salary for the highest five consecutive years of service. In addition, provision is made in cases of discontinued service retirement for immediate annuities for GS-14 and above having at least 10 years of service with the Agency including at least five years of service of a nature qualifying for coverage under this system. Those involuntarily retired who either do not meet these service requirements or are in grades GS-13 and below are eligible to receive separation pay of up to one year's salary.

5. The bill provides for a mandatory retirement age of 65 for GS-18 or above, and age 60 for those in grades below GS-18. In either case, the Director may extend an individual's service for a period not to exceed five years. In addition to crediting all prior Agency service for the purpose of computing annuities, provision is also made for crediting prior civilian service in the Federal Government and active military or naval service.

6. The attached Report No. 763 was prepared by the House Committee on Armed Services to explain the import of this bill and to record its reasons for recommending passage. In addition, the report indicates the action taken by the Committee in the course of four days' hearings.

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Remarks:

Jack: We suggest the Subcommittee Report, together with the attached memorandum, go to stations and bases. There are not enough copies of this report available, so if you want it to go to all posts we would have to have it reproduced. We would be glad to work with the printers on this.

LRH

Per our conversation.

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